number of unemployed persons in nearly all Asian nations. Government policies are in a period of adjustment in many of these states, trying to cope with changing domestic and international economic conditions. In general, they are trying to restructure to produce higher quality products; the volume-oriented export approach followed in the boom decade of the 1970s is no longer considered viable, given the protectionist tendencies of their major trading partners.

At the other end of the scale, Latin American countries continued to be mired in the depths of a recession, unable to take advantage of stable commodity and energy prices. Sharply reduced or negative growth rates persisted, although the effects of stringent economic adjustment policies have begun to manifest themselves. Growth in the region was still slightly negative, but most governments, except Brazil, are predicting positive rates of growth for 1984. Inflation remains a major headache, as does unemployment, but new economic plans developed in conjunction with international monetary authorities may make a dent in both these problems. These plans refocus attention on domestic demand and adjustment of import and export mixes, coupled with renegotiation of outstanding debt. But the process of weaning themselves from heavy international borrowing will not be quick or politically palatable for Latin American countries -- witness the riots in Brazil when that government announced an end to inflation-indexed wage adjustments.

Inflation

World inflation made a slight comeback from 1982's drop of 1.7 percentage points, rising around one point according to International Monetary Fund (IMF) statistics. Commodity prices contributed to this rise by registering a 5 percent gain last year, although they are still 20 percent lower than the levels prevailing as recently as 1981. Energy prices stabilized at lower levels, helping the industrial nations' recovery.

Commodity Prices -- A review of the information in Table 2 shows prices for all commodities at just 80.1 percent of their 1980 levels. However, price levels for food, beverages and agricultural raw materials all rose between 1 and 8 percent, while prices for metals held steady. Normally when commodity prices rise, exporting nations benefit. In 1983, however, commodity exporting nations, especially in Africa, were unable to reap any benefits due to adverse factors, including bad weather, increased competition from new suppliers, and political upheaval. Should prices continue their upward trend, or at least remain at current levels, the exporting nations may indeed acquire the profits to meet their foreign exchange needs. Wheat prices held relatively steady, while prices for corn and soybeans, two other commodities of importance to U.S. trade, climbed.

Crude oil prices for various grades fell between 6 and 12 percent after the first quarter of 1983, with wide economic effects. Exporting countries have had to cut back on their ambitious government-funded development plans while scrambling to maintain unity on pricing and production. Oil importers, on the other hand, have seen their bills drop drastically but have also watched their exports to oil-producing countries fall. Through production and price discipline, the Organization of Petroleum Exporting Countries (OPEC) has stemmed the downward price trend for oil, but now wields considerably less

power in world markets. Because importing countries are expected to continue to restrain energy demands through increased efficiency and conservation, depressed oil prices are likely to persist for the immediate future -- absent adverse developments in the Iran-Iraq war.

Consumer Prices -- Changes in this indicator around the world offer an uneven picture. The United States cut its inflation rate nearly in half, bringing it down to 3.2 percent from 6.2 percent in 1982. Following this example, Canada (5.8 percent) and Great Britain (4.8 percent) also chopped their rates almost in half, while France (9.3 percent), Italy (14.5 percent) and Germany (3.0 percent) knocked two or more percentage points off their 1982 figures. The effects of earlier deflationary policies in many of these countries are still apparent.

In Japan, the extremely low 1.8 percent consumer price increase was not a reflection of the efficacy of government policy, but rather of the considerable slack present in the economy and the cautious attitudes of consumers. Consumer spending was weak for almost the entire year and that, coupled with rising unemployment, prevented price pressures from building up. As in 1982, the problem for the government was how to stimulate the economy without more deficit spending or interest-rate cuts. While the government did cut the discount rate 0.5 percentage points (see next section), only capital outflows were encouraged -- not increased domestic investment.

Again setting themselves apart from other developing nations, the newly industrializing countries of Asia managed to generate substantial growth while holding prices in line during 1983. Despite high inflation in Indonesia, Hong Kong and the Philippines, an eight-country average shows a continued decline in price rises from 7.5 percent to 6.5 percent. In individual terms, Singapore and Korea took first and second place with rates of 1.2 percent and 3.4 percent, respectively. Malaysia, Thailand and the Philippines probably reduced their rates by one to three points, and Indonesia came in at the bottom with a twelve point rise.

The area with the worst inflation problem was South and Central America. The region posted a 130 percent-plus inflation rate for 1983, far worse than its 80 percent figure the year before. Countries with "moderate" inflation, such as Chile (27.3 percent), Colombia (19.7 percent) and Panama (about 2.5 percent), continued to make progress through cautious long-term planning. Argentina (348.8 percent), Brazil (142.0 percent) and Mexico (very close to 100 percent) are paying the price for losing their gamble on a rapid, externally fueled growth path. These three countries have implemented harsh restructuring plans and hope to bring inflation down to less lofty levels. The same problems that plague their growth plans, however, will continue to beset them in their search for lower inflation.

Interest Rates -- U.S. interest rates showed a moderate drop from the previous year, although they were still above pre-1979 oil shock levels. The Federal Reserve Board held the discount rate for banks at a steady 8.5 percent despite a slight downward trend in money market rates and Treasury bill yields. Lower borrowing rates, however, attracted consumers back into the housing and automobile markets, helping to spur the recovery.

In Japan, a 0.5 percentage point cut in the discount rate -- the first in almost two years -- was part of an economic stimulus package presented in October. While this cut depressed the rates for long- and short-term government bonds slightly, its largest influence was to help push Japan's net long-term capital outflow farther into the red -- over $17 billion in 1983. While it seems that the cut has helped small- and medium-sized firms to begin investing again, it certainly did not help push up the yen vis-a-vis the dollar.

Interest rate cuts were made in most European countries as well in an attempt to inject some life into their economies. Germany and Italy cut their discount rates by one percentage point and, as a result, bond yields and money market rates in France, Britain, Germany and Italy all fell by one or more percentage points. But much higher American interest rates continued to attract overseas capital, to the chagrin of European leaders. Accusations over foreign financing of profligate U.S. government spending were lobbed back and forth across the Atlantic, transmitting bitterness to other economic interactions.

Trade

A troublesome downward trend in the volume of trade continued in 1983, though at much reduced rates (see tables 3 and 4). According to IMF statistics, industrial country exports dropped 1.1 percent to $1.1 trillion and imports fell 1.8 percent to $1.2 trillion, with decreases in both the volume and unit value of trade. While negative, these declines represented an improvement over 1982's export drop of 5.2 percent and import contraction of 6.1 percent. Still, this downturn hampered Third World efforts to latch on to the coattails of the U.S. recovery.

Because of the faster rate of shrinkage in imports last year, the combined merchandise trade deficit for industrial countries narrowed again to $55.7 billion from $64.4 billion in 1982. This contraction, however, hides the fact that trade balances for six of the 13 industrial nations widened -- most prominently the United States, which went from a $42.6 billion gap to a $69.3 billion chasm; Britain ran a poor second, with its red-ink total widening from $2.7 billion to $8.8 billion. Countries registering the largest trade surpluses included Japan ($20.4 billion, up from just $6.9 billion the previous year), Germany ($16.5 billion) and Canada ($11.5 billion). France cut its deficit by almost $9 billion, though this still left it $10.5 billion in the hole.

Oil exporting nations also continued to cut back on trade, although this conclusion is based on data for only three quarters of 1983. This group's exports fell 17.8 percent to $131.7 billion from January to September, while its imports dropped to $106.1 billion -- a 7.3 percent decline. As a result, the trade surplus, which totaled $45.7 billion in 1982, fell to $25.6 billion last year. Low oil prices pushed revenues down for all oil exporters, but Saudia Arabia took a particularly hard fall when its export revenues plunged 40 percent in the first six months of the year, although they climbed back up during the third quarter. The Saudis also cut imports back a sharp 44 percent in response to these new conditions.

Non-oil exporting Third World countries, through stringent readjustment policies, reduced their imports during the first three quarters of 1983 by 8.3 percent to a total of $266.5 billion. They even managed to increase exports a small 0.9 percent to $233.9 billion, reducing their combined trade deficit to $32.9 billion from 1982's $58.8 billion (a 79 percent improvement). However, this bit of good news was overshadowed by continuing debt problems.

Debt Issues

Recovering their composure after the 1982 Mexican debt crisis, international financial sources looked at the $660 billion developing country debt with a more rational eye last year and managed to work out programs for the most endangered nations. The $660 billion figure represents only a modest 5.4 percent rise over 1982's total amount, reflecting a complex interaction of forces affecting the positions of the developing nations.

The budding U.S. recovery provided an import-hungry market, offering some solace to exporters of commodities and light manufactured goods. Improved terms of trade combined with austere economic adjustment policies helped many countries improve their current-account positions. Lower, stable energy prices were a positive factor for most debtor nations, though oil exporters such as Mexico and Venezuela were obviously affected adversely. The international reserves of non-oil exporting developing nations rose by a sharp 14 percent in 1983 to over $80 billion, outpacing the reserve growth of both the industrial countries (up 11.1 percent) and the oil-exporting nations (up 8.6 percent). Coupled with a simultaneous reduction in holdings of IMF Special Drawing Rights (SDRs) for reserve purposes, this development improved the appearance of Third World nations in the eyes of potential lenders. Finally, modest declines in international and U.S. interest rates helped to hold interest payments to between $60 and $70 billion in 1983.

The percentage of debt under non-concessionary terms remained high, topping 80 percent in 1983, and debtor nations have had to face up to refinancing conditions more in line with commercial standards. These tougher guidelines have led some governments to balk at the new lending terms -- unwilling or unable to risk the political upheaval they may generate. While official development assistance has not shrunk as a percentage of doners' GNP, private financing has become more difficult to obtain, forcing a search for alternatives. One of these has been the use of SDRs to meet balance-of-payments needs. Transactions "with designations," which are primarily for payments settlements, totaled $2.2 billion in 1983. For the first time since 1978, however, these were surpassed by transactions "without designation" (those for a wide variety of other bills) by $0.5 billion. This more active use of IMF instruments is in line with principles discussed during international meetings in 1983.

Exchange Rates

Global financial markets continued to be enchanted by the U.S. dollar, lured by the siren song of economic recovery and high real interest rates. According to indices compiled by the Commerce Department, the dollar gained 4.3 percent against a weighted-average basket of 14 industrial country currencies during the first three quarters of 1983, putting it 3.5 percent above its 1971

value, when it was thought to be overvalued. Against a basket of 67 currencies, the dollar looked even stronger -- rising 20 percent by the third quarter over the same period in 1982, which placed it nearly 60 percent higher than in 1971. Against individual currencies, the picture was hardly changed. The dollar was up 20 percent against the French franc and British pound and 4 percent over the German mark. Only the yen held its own against the dollar, standing its ground for the first half of the year before weakening a little in the third quarter and then settling in at a new plateau of Y233-Y234 to the dollar.

In view of Japan's rapidly rising trade surplus with the United States, one might have expected the yen to appreciate under the existing floating-rate system. But trade flows are counterbalanced by capital flows in the case of Japan. In 1983, Japan's basic balance (current-account balance plus net long-term capital flows) was just over $3 billion. While this was the first surplus in five years, it was not very large. The persistent broad differential in interest rates thus stymied any efforts by the yen to rise due to trade factors.

With its trade deficit with Japan expanding, the United States took a new tack on the problem of the "undervalued" yen. While publicly stating that the Japanese government was not intervening in currency markets to keep the yen depressed, American officials began urging Japan to internationalize its currency. As use of the yen in trade and international money markets grew, the argument went, demand for it would increase and its value would rise. Finance authorities were receptive in theory, but wanted to proceed very slowly to avoid altering the fundamental structure of the Japanese financial system and the government's attendant monetary policy tools. Loosening the government's control over the interest rate structure would not only cause policy problems, but would also be very costly in terms of interest payments on outstanding and new government bonds. Faced with such an unappetizing menu, Tokyo inched along while the Americans called for leaps and bounds (see JEI Report No. 10A, March 9, 1984).

Trade Discussions and Agreements

Tokyo Round Implementation -- The fourth annual round of tariff cuts agreed to in 1979 went into effect during the year. Despite the continued economic slump in most nations, the reductions were carried out with no backsliding by any party. While the cuts had only marginal effects on world trade, they were symbolically important during a period of increasing trade tension and protectionism.

In what is becoming an annual tradition, Japan again made unilateral tariff cuts urged on it by trading partners. Officials also offered to accelerate planned cuts in return for mutual reductions in specific items of interest, e.g. semiconductors. While American and European leaders hailed Japan's actions, they did not cease their petitioning for even more cuts.

Quadrilateral Meeting on Trade -- Following up on the fall 1982 ministerial meeting of the General Agreement on Tariffs and Trade (GATT), representatives from Japan, the United States, Canada and the European Community met in Tokyo on February 11 to discuss trade issues. While the meeting produced a

communique full of generalities, it focused on maintaining free trade, the importance of cooperative action to deal with Third World debt problems and the benefits of initiating joint research projects. The meeting, held at the Japnese government's initiative, was timed to precede the Williamsburg summit of industrial nations.

Group of Thirty -- On April 22-24 in Tokyo, the Group of Thirty, an advisory body composed of representatives from developing and advanced countries in the IMF, held its annual meeting. In reviewing the current trade situation and world economic conditions, the group called on the United States to reduce its federal budget deficits and on Japan to pursue an expansionary fiscal policy to aid world recovery.

Trade Ministers Meeting -- In preparation for the Williamsburg summit, trade officials from Japan, Canada, the United States and Europe met in Brussels April 28-29 to discuss cooperation on pressing world problems. While again stressing the importance of free trade, the ministers also took up the problem of Third World debt.

OECD Meeting -- Combining their annual OECD executive council meeting with another meeting of finance and trade ministers, the industrial nations met in Paris on May 10. The current exchange-rate system was discussed along with other monetary matters. Japanese and European officials urged their American colleagues to change their stance on intervention in currency markets. The Europeans attacked high U.S. interest rates and budget deficits as a primary reason for their inability to pursue expansionary policies.

Williamsburg Summit -- On May 29-30, the leaders of seven industrial nations met to map out general policies on problems of mutual concern. In comparison to 1982's summit, the tone of the meeting was much more upbeat due to the world recovery. Numerous preparatory meetings and discussions served to smooth the way for a harmonious summit. As always, North-South issues, international cooperation and security issues were touched upon. Of particular note was the issue of sanctions against the Soviet Union, which continued to split the participants.

IMF/World Bank Annual Meeting -- Held in Washington September 27-30, the 1983 meeting was full of hard bargaining and resulted in an eighth increase in the IMF's capital resources. The Reagan administration again opposed such a move but was eventually pursuaded to compromise. Overall lending authority was increased by $11 billion, of which about half is to be provided by private banks. The increase represented a significant victory for the developing countries.

GATT Meeting -- One year after the ministerial conference, contracting parties to the GATT met in Geneva November 21-23 to review implementation of the two-year working program adopted in 1982. Of top importance to many participants was a review and reform of the GATT dispute-settlement mechanism, increasingly called into use in 1983. The GATT session also discussed the application of international trading rules to trade in services. The United States strongly supports liberalization of this market and is anticipating studies from other members of the organization before negotiations are held later this year.

In addition to these multilateral meetings, numerous bilateral conferences and visits took place. If trade problems remain unresolved, it is certainly not due to a lack of discussion.

Outlook

The world economy in 1983 shook off its torpidity as the American and Japanese economies began to hum along. In general, the year represented a bottoming-out of the recession, with recovery still very unevenly distributed. Major problems, like exchange-rate fluctuations and developing country debt, were held at arms length or propped up where necessary to prevent collapse. Opportunities for solution may occur in 1984 as the growing recovery gives decision makers more room to tackle these problems. International trade should end its downward drift as the dollar remains strong, influencing relative prices. While complaints over that strength persist, election year politics may prevent any bold U.S. initiatives. It may be good presidential politics not to rock the boat when things seem to be going so well, but the failure by leaders of the world's largest economy to address pressing problems may in the end exacerbate them. A prosperous 1984 may translate into complacent leadership, something no nation can afford.

For further information, contact Jon Choy.

The views expressed in this report are those of the author and do not necessarily represent those of the Japan Economic Institute.

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Table 1

Global Growth 1979-1983
(percentage change in real GDP, seasonally adjusted, annual rates)

	1979	1980	1981	1982	1983
World	3.6%	2.6%	1.7%	1.0%	1.5%*
Industrial Countries	3.2	1.3	1.5	-0.5	3.0*
United States (1)	2.8	-0.3	2.6	-1.9	3.3
Canada (1)	3.2	1.0	3.4	-4.4	3.0
Japan (1)	5.2	4.8	3.8	3.0	3.0
France (1)	3.3	1.1	0.3	1.6	0.5*
Germany (1)	4.0	1.8	-0.2	-1.1	1.2*
Italy	4.9	3.9	0.1	-0.3	-1.2
United Kingdom	2.0	-2.6	-1.3	2.4	3.0*
Developing Countries					
Oil Exporters	5.1	4.1	4.0*	NA	NA
Indonesia	6.3	9.9	7.9	2.2	2.2*
Nigeria	5.6	0.4	-5.3	-2.2	-2.6
Saudi Arabia	6.7	10.1	7.9	1.5	NA
Venezuela	0.8	-1.7	0.4	0.6	-4.0*
Non-Oil Exporters	4.9	8.5	2.4	-1.1	NA
Africa	3.6	6.4	4.8	NA	NA
Asia	1.4	5.1	6.1	NA	NA
China (2)	11.3	9.3	6.0	9.5	NA
Hong Kong	?.?	?.?	9.4	1.1	5.9
India	-4.9	6.9	5.7	NA	NA
Korea	7.1	-3.5	6.4	5.3	9.2*
Malaysia	9.3	7.8	7.1	4.2	5.6*
Philippines	7.5	4.4	3.7	2.8	1.4
Singapore	9.4	10.3	9.9	6.3	6.1
Thailand	6.1	5.8	6.3	4.2	5.8
Taiwan	8.1	6.6	5.0	3.9	7.1
Europe	4.3	1.8	2.2	0.5	1.0*
Hungary	2.7	0.6	2.5	2.8	0.5 - 1.0*
Yugoslavia	6.9	2.4	1.4	0.8	1.0*
Middle East	5.1	4.6	6.0	NA	NA
Egypt	8.7	NA	NA	NA	NA
Israel	3.7	2.7	3.4	1.2	1.1
Syria	5.3	9.2	8.8	NA	NA
Western Hemisphere	7.2	5.8	-0.1	-2.0*	-0.1*
Argentina	4.0	3.6	-6.3	-4.8	2.5*
Brazil	6.7	7.9	-3.5	1.0	-6.0*
Chile	8.3	7.8	5.7	-14.3	-0.5*
Colombia	5.1	4.2	2.5	2.5	1.1
Mexico	9.2	8.3	8.0	-0.2	-5.0

(1) Figures for real GNP growth
(2) Figures for real Net National Income Growth
* Estimated

Sources: IMF, Financial Statistics, 1983 Yearbook and March 1984; U.S. Commerce Department Country Desk Officers.

Table 2

World Prices 1979-1983

	Consumer Prices (percentage change over previous period)					Interest Rates (Central bank discount rate)				
	1979	1980	1981	1982	1983	1979	1980	1981	1982	1983
World	12.5%	15.7%	14.1%	12.3%	13.5%	6.8%	9.1%	12.7%	11.2%	8.6%
Industrial Countries	9.1	11.9	9.9	7.5	5.0	14.3	16.6	19.5	12.5	9.2
United States	11.3	13.5	10.4	6.2	3.2	12.0	13.0	12.0	8.5	8.5
Canada	9.1	10.2	12.4	10.8	5.8	14.0	17.3	14.7	10.0	10.0
Japan	3.6	8.0	4.9	2.6	1.8	6.2	7.2	5.5	5.5	5.0
France	10.8	13.3	13.3	12.1	9.3	9.5	9.5	9.5	9.5	9.5
Germany	4.1	5.5	5.9	5.3	3.0	6.0	7.5	7.5	5.0	4.0
Italy	14.7	21.2	17.8	16.5	15.0*	15.0	16.5	19.0	18.0	17.0
United Kingdom (1)	13.4	18.0	11.9	8.6	4.8*	13.0	15.1	13.0	11.5	9.6
Developing Countries										
Oil Exporters	10.2	12.9	13.5	7.8	9.0*					
Indonesia	11.4	9.7	14.6	6.7	NA					
Saudi Arabia	1.9	3.7	2.4	1.5	1.0*					
Non-Oil Exporters	27.1	32.4	31.6	34.3	55.0*					
Africa	17.6	16.9	20.1	15.4	18.5*					
Asia	6.6	11.7	8.8	5.4	NA					
Hong Kong	11.2	15.9	14.1	10.8	9.5*					
India	6.4	11.4	13.0	7.9	12.0*	9.0	9.0	10.0	10.0	10.0
Korea	18.3	28.7	21.3	7.3	3.4	15.0	16.0	11.0	5.0	5.0
Philippines	18.9	17.8	132.3	11.0	10.1					
Singapore	4.0	8.5	8.2	3.9	1.2					
Thailand	9.9	19.7	12.7	5.3	3.8	12.5	13.5	14.5	12.5	13.0
Taiwan	7.5	16.0	16.3	3.5	1.5*	11.0	11.0	12.4	9.7	7.2
Europe	24.5	35.6	24.7	24.0	24.0*					
Hungary (2)	8.9	9.1	4.6	6.9	7.5*	9.0	9.0	11.0	14.0	13.0
Yugoslavia	21.3	29.9	39.7	32.9	26.0*					
Middle East	25.2	40.4	34.9	38.6	39.0*					
Egypt	9.9	20.7	10.5	14.8	15.5*	9.0	11.0	12.0	13.0	13.0*
Israel	78.3	131.0	116.8	120.4	145.6					
Western Hemisphere	53.9	58.1	63.8	80.1	131.3					
Argentina	159.5	100.8	104.5	164.8	343.8					
Brazil (1)	52.7	82.8	105.6	98.0	142.0	32.6	33.0	58.6	67.6	85.0*
Chile	33.4	35.1	19.7	9.9	27.3					
Mexico (1)	18.2	26.4	27.9	58.9	100.0*	17.9	27.7	33.2	57.4	65.0*

(1) Treasury Bill rate shown for Interest Rates (2) Short-term Credit rate shown for Interest Rate * Estimate

Commodity Prices 1979-1983
(indexes of wholesale prices, 1980=100)
(pricing point in parentheses)

	1979	1980	1981	1982	1983	1983 by Quarters: I	II	III	IV
All Commodities	92.0	100.0	85.4	75.1	80.1	74.4	79.4	82.8	83.8
Food	76.9	100.0	86.4	68.5	74.5	66.1	74.2	80.0	77.8
Soybeans (Rotterdam)	100.5	100.0	97.4	82.5	92.0	80.6	84.2	107.1	108.5
Sugar (New York)	33.7	100.0	58.9	29.3	29.5	21.7	31.0	35.5	29.9
Wheat (U.S. Gulf ports)	89.9	100.0	99.0	91.0	92.0*	95.6	92.5	88.1	88.4
Agricultural raw materials	113.9	100.0	77.7	79.7	85.7	78.1	84.2	88.9	90.3
logs (Tokyo)	85.4	100.0	80.0	77.0	72.5	75.2	69.7	68.1	77.2
Rubber (Singapore)	89.0	100.0	78.0	60.0	74.2	66.0	75.8	77.7	77.3
Wool 64s (UK)	87.6	100.0	101.3	96.7	91.1	87.8	90.9	89.6	90.1
Metals	90.4	100.0	86.0	78.1	78.1	77.2	80.1	79.1	75.1
Aluminum (UK)	83.3	100.0	87.5	75.6	76.1	66.1	75.3	80.7	82.2
Copper (f.o.b. refinery)	91.0	100.0	82.9	71.9	76.8	79.6	81.1	77.9	68.6
Gold (London)	50.4	100.0	75.6	61.8	69.5	76.3	70.4	67.5	63.8
Petroleum (Ras Tumas)	60.2	100.0	113.4	116.8	102.2	110.1	99.6	99.6	99.7

Source: IMF Financial Statistics, March 1984.

Table 3

World Imports 1979-1983
(c.i.f. basis, in billions of dollars)

	1979	1980	1981	1982	1983	1983 by Quarters: I	II	III	IV
World	$1567.4	$1928.9	$1917.4	$1795.2	$1271.7***	$426.2	$460.3	$415.2	NA
Industrial Countries	1143.0	1369.6	1298.6	1219.9	1198.1	297.6	299.7	286.7	$314.2
United States	222.2	257.0	273.4	254.9	169.9	60.7	66.4	69.5	73.3
Canada	57.0	62.8	70.3	58.4	65.2	14.6	16.5	16.0	18.0
Japan	109.8	141.3	142.9	131.5	126.5	31.5	30.4	30.1	34.5
France	107.0	134.9	121.0	115.7	105.4	29.4	27.0	22.8	26.3
Germany	159.6	188.0	163.9	155.4	152.9	38.9	38.6	36.0	39.4
Italy	77.9	99.7	91.1	86.2	59.5***	20.6	20.1	18.8	6.5##
United Kingdom	99.6	115.5	102.7	99.6	100.2	24.8	26.0	24.1	25.2
Developing Countries									
Oil Exporters	97.9	464.9	158.9	165.7	106.1***	36.6	35.5	34.0	NA
Indonesia	7.2	10.8	13.3	16.9	5.2*	5.2	NA	NA	NA
Libya	5.3	6.7	8.4	8.3	5.3***	1.7	1.9	1.8	NA
Nigeria	10.2	16.6	20.9	14.8	6.1*	2.3	1.9	1.9	NA
Saudi Arabia	24.3	30.2	35.3	40.7	29.8*	10.1	10.6	9.1	NA
Venezuela	10.7	11.8	13.1	12.6	10.3	2.3	1.5	3.5	3.1
Non-Oil Exporters	311.6	407.6	438.0	389.8	266.4*	87.2	90.4	88.8	31.2##
Africa	37.5	55.1	57.5	49.4	31.4*	10.5	10.3	10.6	NA
Asia	116.4	149.7	163.9	156.6	117.9*	38.2	39.6	40.1	28.0#
China	15.7	19.9	21.6	18.9	14.9*	4.6	4.9	5.5	3.9#
Hong Kong	17.1	22.4	24.7	23.6	17.2*	5.2	6.0	6.1	6.3#
India	9.8	14.9	15.4	14.8	10.1*	3.7	3.0	3.3	1.0##
Korea	20.3	22.3	26.0	24.3	18.4*	6.0	6.1	6.3	4.9#
Malaysia	7.8	10.8	11.5	12.4	6.4**	3.2	3.2	2.3##	NA
Philippines	6.6	8.3	8.5	8.3	6.1*	2.0	2.1	2.0	0.7##
Singapore	17.6	24.0	27.6	28.2	21.2*	6.9	73	7.0	4.7#
Thailand	7.2	9.2	10.0	8.5	7.3*	2.4	2.4	2.5	0.8##
Taiwan	24.8	19.7	20.6	18.4	14.5*	4.8	4.6	5.2	3.9#
Europe	56.6	68.3	68.4	63.4	41.4*	14.1	14.6	12.6	9.4#
Hungary	8.7	9.2	9.2	8.9	8.6	1.8	2.2	1.9	2.6
Yugoslavia	12.7	15.1	15.8	13.4	8.5*	2.8	2.9	2.8	1.9#
Middle East	25.4	31.6	38.4	35.4	16.8**	8.3	8.5	NA	NA
Egypt	2.4	3.4	4.1	3.7	4.5**	2.1	2.4	NA	NA
Israel	8.7	9.7	10.2	9.6	4.6**	2.2	2.4	NA	NA
Syria	3.3	4.1	5.0	4.0	1.8**	1.1	0.7	NA	NA
Western Hemisphere	75.5	103.0	109.7	83.4	48.7*	15.4	16.6	16.7	NA
Argentina	6.7	10.5	9.4	5.3	4.0*	1.0	1.2	1.2	NA
Brazil	19.8	25.0	24.1	21.1	12.4*	4.1	4.0	4.3	1.4##
Chile	4.2	5.1	6.4	3.5	2.0*	0.6	0.7	0.7	0.3##
Colombia	3.2	4.7	5.2	5.5	3.7*	1.3	1.3	1.2	NA
Mexico	12.1	19.5	24.1	14.6	3.9**	1.6	2.3	NA	NA

* figures for first three quarters of 1983 only
** figures for first two quarters of 1983 only
*** figures for first quarter of 1983 only

\# figures for first two months of quarter only
figures for first month of quarter only

Source: IMF Financial Statistics, July, December, March 1984; Central Bank of China (Taiwan), Financial Statistics, February 1984.

Table 4

World Exports 1979-1983
(f.o.b. basis, in billions of dollars)

	1979	1980	1981	1982	1983	1983 by Quarters: I	II	III	IV
World	$1532.4	$1878.5	$1850.3	$1708.5	$1219.9*	$400.0	$416.5	$403.4	$154.6##
Industrial Countries	1052.7	1239.4	1218.5	1155.5	1142.4	281.9	287.7	268.0	304.8
United States	182.0	220.8	233.7	212.3	200.5	50.1	50.5	48.4	51.6
Canada	58.3	67.7	72.7	71.2	76.7	17.5	20.0	18.0	21.2
Japan	102.3	130.4	151.5	13 4	147.0	33.1	36.1	37.1	40.6
France	100.7	116.0	106.4	96.7	94.9	24.2	24.7	21.0	25.1
Germany	171.8	192.9	176.1	176.4	169.4	43.9	42.7	39.1	43.7
Italy	72.2	77.7	75.3	73.5	52.7*	17.6	18.3	16.7	6.4##
United Kingdom	86.4	110.1	102.2	97.0	91.4	22.3	22.8	22.0	24.5
Developing Countries									
Oil Exporters	211.0	297.0	277.4	215.0	131.7*	40.5	42.3	48.9	16.2##
Indonesia	15.6	23.9	25.2	22.3	4.6***	4.6	NA	NA	NA
Libya	16.1	21.9	15.6	13.9	8.4*	2.7	2.8	2.9	NA
Nigeria	17.6	26.5	19.5	16.4	10.2*	2.6	3.9	3.8	NA
Saudi Arabia	58.7	102.0	113.2	75.8	54.9	9.8	9.6	13.3	16.1
Venezuela	14.3	19.2	20.1	16.4	12.1*	4.6	3.9	3.6	1.2##
Non-Oil Exporters	252.7	322.1	332.5	316.8	233.9*	73.1	80.9	79.9	27.9##
Africa	42.9	55.1	47.0	40.8	29.1*	9.9	9.7	9.5	NA
Asia	97.1	122.3	131.5	131.0	99.5*	29.9	34.7	34.9	23.7#
China	13.6	18.1	21.6	21.9	15.8*	4.6	4.9	5.5	3.9*
Hong Kong	15.1	19.7	21.7	21.0	15.7*	4.5	5.3	5.9	4.1#
India	7.8	8.6	8.3	9.4	6.4*	2.3	2.2	1.9	0.6##
Korea	15.1	17.5	21.3	21.9	17.4*	4.8	6.2	6.3	4.6#
Malaysia	11.1	12.9	11.8	12.0	6.6**	3.1	3.5	2.4#	NA
Philippines	4.6	5.7	5.7	5.0	3.6*	1.2	1.2	1.2	NA
Singapore	14.2	19.4	21.0	20.8	17.1*	5.1	5.6	5.5	3.6#
Thailand	5.3	6.5	7.0	6.9	4.7*	1.6	2.6	1.5	0.5##
Taiwan	16.0	19.8	21.9	21.7	18.3***	5.0	6.4	6.9	4.3#
Europe	34.8	42.8	46.6	45.9	31.8*	10.5	11.2	10.1	7.7#
Hungary	7.9	8.6	8.7	8.6	8.8	1.8	2.2	1.9	2.8
Yugoslavia	6.5	9.0	10.9	10.3	7.0*	2.3	2.3	2.3	1.6#
Middle East	12.7	16.5	17.8	16.2	7.1**	3.5	3.5	NA	NA
Egypt	1.8	3.0	3.2	3.1	1.3**	0.7	0.6	NA	NA
Israel	4.5	5.5	5.7	5.3	5.1	1.3	1.2	1.1	1.5
Syria	1.6	2.1	2.1	2.0	0.9**	0.4	0.5	NA	NA
Western Hemisphere	65.4	85.0	88.6	82.7	62.1*	19.2	21.7	21.2	NA
Argentina	7.8	8.0	9.1	7.63	6.1*	1.9	2.1	2.1	NA
Brazil	15.2	20.1	23.3	20.2	16.3*	4.7	5.7	5.9	3.7#
Chile	3.9	4.7	3.9	3.8	2.9*	0.9	1.1	1.0	0.3##
Colombia	3.3	3.9	3.0	3.1	2.2*	0.7	0.7	0.8	NA
Mexico	9.0	15.6	19.4	21.6	10.2**	5.0	5.3	NA	NA

* figures for three quarters of 1983 only
** figures for first two quarters of 1983 only
*** figures for first quarter of 1983 only

\# figures for first two months of quarter only
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Source: IMF Financial Statistics, July, December, March 1984; Central Bank of China (Taiwan), Financial Statistics, February 1984

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JAPAN · ECONOMIC · INSTITUTE

JEI

REPORT

NO. 15A April 13, 1984

JAPAN'S EXPANDING U.S. MANUFACTURING PRESENCE: 1983 UPDATE

Summary

Japanese investment in American production facilities resumed its upward course in 1983, spurred by the rise in the yen's value as well as the U.S. economic rebound. The 32 manufacturing companies established or acquired by corporate investors boosted the year-end total of Japanese-affiliated manufacturers to 334 firms, including 25 in which Japanese parent companies have minority interests. The majority-owned businesses provide jobs for over 70,000 American workers, and they indirectly create employment opportunities for thousands of other people through their purchases of goods and services.

Japan's 1983 Investments in U.S. Manufacturing Facilities

Japanese investment activity in the U.S. manufacturing sector, on the upswing since 1978, got back on track last year after being derailed in 1982 by the combined forces of a depreciating yen, poor corporate earnings at home and depressed economic conditions in this country. Thirty-one manufacturing companies in which Japanese investors have a majority stake were established or acquired in 1983, compared with 1982's curtailed total of 20 such investments, a new study by the Japan Economic Institute (JEI) indicates. In addition, one Japanese corporation obtained a minority interest (defined as a shareholding of at least 10 percent but less than 50 percent) in an American manufacturing firm, although this was off from three the year before and 1981's tally, when eight of the 40 manufacturing investments credited to Japanese businesses involved minority shareholdings.

The appreciation of the yen from 1982's Y249 average to the Y238 level last year certainly gave Japanese corporations a greater incentive to invest in the United States since it reduced the yen cost of building plants here or of acquiring existing American companies and, at the same time, increased the dollar cost of supplying U.S. markets through exports. In addition, the U.S. economic recovery provided a more conducive environment for Japanese investment than 1982's business slump. Generally healthier corporate balance sheets, particularly for the small- and medium-size companies that form the backbone of Japanese investors in the United States, also helped to promote capital spending in the manufacturing area in 1983.

The 32 manufacturing companies identified in the 1983 update survey generally match the profile of Japan's earlier manufacturing investments in the United States, drawn from the 1980 benchmark study (see JEI Report No. 15, April 17, 1981) and two subsequent updates. There were some minor but interesting differences, though. For example, the investment mix between new plant construction and acquisitions, which had tilted more toward an even split in 1981 and 1982, reverted to the two-to-one ratio that characterized the approach of Japanese corporations establishing a production base in the United States in the period before 1981. Twenty-two of the 32 companies joining the ranks of Japanese-affiliated U.S. manufacturing businesses in 1983 were the result of new investments, including the production units set up by repeat investors like Fujitsu, Ltd., Oki Electric Industry Co., Ltd., Sony Corp., Honda Motor Co., Ltd., Nihon Radiator Co., Ltd. and Nippondenso Co., Ltd. and the manufacturing subsidiaries formed by such newcomers as Kanegafuchi Chemical Industry Co., Ltd., Ebara Corp. and Ishikawajima-Harima Heavy Industries Co., Ltd.

Though far outnumbered, some of the acquisitions that took place in 1983 overshadowed the new investments. Two involved fairly sizable transactions with Fortune 500 companies: Diamond Shamrock Corp.'s spinoff of its agricultural chemical and animal health operations into a joint venture with Showa Denko K.K. and the purchase of G.D. Searle and Co.'s specialty gas business by partners Nippon Sanso K.K. and UGI Corp. of Valley Forge, Pennsylvania. Another noteworthy acquisition was the purchase of the dominant U.S. maker of teenage lingerie by Wacoal Corp. The takeover of an American producer of welded steel fittings by Sumitomo Metal Industries, Ltd. and Sumitomo Corp. was notable because it illustrated the problems of foreign companies acquiring domestic manufacturers that do work for the Department of Defense -- problems that killed one purchase planned by a Japanese company in 1983 and contributed in part to another Japanese corporation selling a previously acquired U.S. maker. Perhaps even more significant than these four acquisitions was the purchase of Howmet Aluminum Corp. by its larger competitor, Alumax Inc., which is jointly owned by Mitsui & Co., Ltd., Nippon Steel Corp. and AMAX Inc. Through this transaction, the fast-rising number-four U.S. primary aluminum producer increased its primary capacity by half and strengthened its already strong fabricating capability.

Acquisitions were important as well because they partly skewed two aspects of the composite picture of Japanese-affiliated manufacturers in the United States. While all the companies newly set up by Japanese investors in 1983 have production facilities at a single location, as do the vast majority

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of established ventures, Alumax's Howmet Aluminum purchase and the acquisition of specialty gas producer Matheson Gas Products Inc. swelled the year's plant tally by a record 83 facilities. Also helping to alter this piece of the profile, though, were American Foods Corp., a Nakano Vinegar Co., Ltd. subsidiary, and Mitsui's Nutrius Inc. unit, both of which acquired their fourth domestic production base during 1983, and TNS Mills, Inc., a Tsuzuki Spinning Co., Ltd. affiliate, which opened its third U.S. manufacturing facility.

The typical employment scale of Japanese manufacturing operations in the United States was also affected by 1983's major acquisitions, since these companies have payrolls bigger than the under-50-person work forces characteristic of most existing or new majority-owned production ventures. This divergence obviously reflects the difference between well-established producers and firms that are just putting their plants in operation, but it also points up the fact that some companies listed as manufacturing concerns really only do a limited amount of assembly work. In a small but growing number of instances, however, relatively low employment numbers are the result of highly automated production processes.

Japan's Manufacturing Holdings in the United States: The New Count

At the end of 1983, Japanese corporate investors held controlling interests in 309 U.S. manufacturing companies, including nine firms scheduled to go onstream later this year. While small- and medium-size operations dot the list, some Japanese production subsidiaries qualify as big businesses, whether measured by sales, investment, employment or all three indicators. With sales of over $1 billion in 1982, Alumax, in fact, ranks among the top U.S. industrial concerns, placing 294 on Fortune's roster for that year and higher, no doubt, on the magazine's 1983 chart because of the acquisition of Howmet Aluminum, which reported sales of $0.5 billion-plus in 1982. An integrated aluminum manufacturer, Alumax has 91 plants and fabricating warehouses in 29 states and more than 13,000 people on its payroll.

Other big ventures include the two Japanese-owned automotive assembly plants in the United States: Honda of America Manufacturing, Inc., which plans to double the capacity of its Ohio car plant now that the facility is nearing full production with a work force approaching 2,000 employees, and Nissan Motor Manufacturing Corp. U.S.A., which has hired close to 2,000 workers at its Tennessee compact truck plant. Some of the consumer electronics companies also number among the largest Japanese manufacturing operations in this country. Sony Corp. of America employs 1,600 workers at its San Diego, California color television plant, while 1,500 people turn out cassette tapes at Sony Magnetic Products Inc.'s Alabama factory. Sanyo Manufacturing Corp., which has 2,000 employees on the payroll of its Arkansas plant, produces color televisions and microwave ovens. The same two product lines are manufactured as well by the 1,350 production workers at Matsushita Industrial Co.'s facility in the Chicago, Illinois suburbs. Rounding out the list of big investments is Kyocera International, Inc., which employs 1,700 people at three plants in San Diego, California that make ceramic packages for integrated circuits and electronic components.

The 309 U.S. manufacturing companies in which Japanese investors owned a majority stake at year-end 1983 had 479 plants in operation or under construction at that time. California, home to 128 plants concentrated in the

industrial and consumer electronics field, continued to run away with top honors in the stiff competition among states for Japanese investment, despite a renewed chorus of complaints about the state's unitary tax system. Helped by Alumax's purchase of Howmet Aluminum, Texas leapfrogged two positions into second spot with 35 Japanese-owned manufacturing facilities. Holding on to third place was New Jersey, the site of 27 plants, although Georgia, with 25 factories, was nipping at its heels. Next on the roll were Alaska and Pennsylvania, both of which had attracted 21 plants, followed by Illinois and Washington, with 20 facilities each. The list of other states with relatively large numbers of Japanese-affiliated production operations -- North Carolina (19), Michigan (15), New York (15), Ohio (13), Tennessee (11) and Indiana (10) -- proves once again that, outside of California, Japanese corporate investors in the United States have not shown the marked preference for Sunbelt or southeastern U.S. production locations that many American observers ascribe to them.

Color televisions, microwave ovens, integrated circuits, communications equipment, bearings and machine tools are among the product lines where Japanese companies have the largest number of U.S. manufacturing facilities. In deciding to supply these products from onshore plants rather than from factories in Japan, producers have been influenced in varying degree by the need to cut transportation costs, streamline distribution, maintain closer customer contact and offset the yen's appreciation. For many makers of these products, though, the threat of a protectionist backlash or the erection of trade barriers has tipped the scales in favor of U.S. production.

In other product lines where Japanese investors are well represented, like fish processing, lumber and wood products and processed foods, the availability of raw materials has been a major drawing card. Makers of plastic products and certain chemicals have been attracted to this country by its less expensive chemical intermediates, while lower utility rates in tandem with relatively new plant and equipment have helped make Alumax a profitable investment for Mitsui and Nippon Steel. Moreover, an expanding number of Japanese companies, faced with limited opportunities for growth at home, have moved into the U.S. manufacturing sector, primarily through takeovers, to boost earnings. Finally, parts suppliers are increasingly setting up American production facilities, drawn here by the onshore manufacturing activities of the Japanese end users of their products and/or big contracts from U.S. companies. This trend is particularly obvious in the automotive field where at least 17 Japanese-affiliated component manufacturers are in operation or have plants under construction, but it is also noticeable in other industries like semiconductors.

Whatever the motives for building or acquiring domestic production facilities, Japanese-affiliated manufacturing companies have become an important source of jobs for American workers, both directly and indirectly through their purchases of goods and services. The 300 majority-owned manufacturing concerns already in operation have approximately 73,000 people on their payrolls, including roughly 7,400 added as a result of 1983 investment activities. Another 800 or so positions will be generated when the nine factories still under construction go onstream in coming months.

The estimated total employment figure for 1983 is perhaps subject to a wider margin of error than earlier counts. Many of the individual numbers pre-date the 1981-82 recession, and these Japanese subsidiaries were no more immune to depressed business conditions than other American producers. Moreover, even though the recovery has been in full swing for nearly a year, established firms, like most U.S. manufacturers, have been cautious about bringing back laid-off workers or hiring new people. In addition, the ten majority-owned fish processors, normally big seasonal employers, have been hurt by erratic or poor catches and slumping salmon exports to Japan, and they have slashed hiring. Whitney-Fidalgo Seafoods, Inc., for example, plans to hire only 1,000 people for the upcoming peak season compared to the 3,000 workers on its payroll just two years ago.

On the plus side, though, a sizable number of Japanese-affiliated manufacturing companies are of fairly recent origin, and they are adding workers as their plants are geared up toward full-capacity operation. Since the start of 1984, moreover, several Japanese firms have started U.S. plant construction or finalized acquisitions, while others plan to break ground before the end of the year. By itself, the joint car manufacturing venture between Toyota Motor Corp. and General Motors Corp., now awaiting final antitrust clearance from the government, will add 3,000 jobs to the employment tally when its Fremont, California assembly plant becomes operational in late 1984.

For further information, contact Susan MacKnight

The views expressed in this report are those of the author and do not necessarily represent those of the Japan Economic Institute.

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JEI's Investment Survey

The Japan Economic Institute's study of U.S. manufacturing companies owned by or affiliated with Japanese investors was limited to firms that had plants in operation or under construction on December 31, 1983. This cut-off date eliminated a number of companies that had definite plans to build production facilities in the United States but had not broken ground by year end, as well as several acquisitions that had not been finalized.

The results of the 1983 update survey are contained in three appendices, which also include the information from the two previous updates. The main appendix gives, in alphabetical order, the full name of each U.S. manufacturing company owned wholly or in part by Japanese investors; the location of its plant or plants; the full name of what is known as the company's ultimate beneficial owner(s); the share of stock held by the owner(s); whether the company was a new investment or an acquisition; the company's major product line(s); the approximate or actual number of people employed by the company, if available; and when the company began production or, in the case of acquisitions, when the company was bought by Japanese investors. The second appendix presents a state-by-state listing of plant locations, while the third groups the products made in terms of four-digit Standard Industrial Classification codes.

A fourth appendix lists companies that have gone out of business and plants that have closed since the 1980 benchmark and the 1981 and 1982 updates were published. This information was obtained from publicly available sources. No attempt was made to resurvey all the previously listed companies.

Appendix 1: Alphabetic Listing of U.S. Manufacturing Affiliates of Japanese Companies

Company	Plant Location	Parent	Share	New or Acquired	Product Line	Employees	Year Plant Opened or Acquired
ALCOA-NEC Communications Corp.	Sidney, OH	NEC Corp. Aluminum Co. of America	49% 51	New	Satellite television receiving systems	15	1982
ATR Wire and Cable Co.	Danville, KY	Tokyo Rope Manufacturing Co., Ltd. Mitsubishi Corp. C. Itoh & Co., Ltd.	60 20 20	Acquired	Steel cord/bead wire for tires	420	1981
Alloy Tool Steel Inc.	Santa Fe Springs, CA	Nissho Iwai Corp. Nippon Koshuha Steel Co., Ltd.	35 35	New	Steel processing	30	1974
Alloy Tool Steel of Texas Inc.	Hutchins, TX	Nissho Iwai Corp. Nippon Koshuha Steel Co., Ltd.	18 18	New	Steel processing	5	1981
Alpha Biochemical Corp.	Richland, WA	Kanegafuchi Chemical Industry Co., Ltd.	100	New	Binder for fish feed	20	1982
Alumax Inc.		Mitsui & Co., Ltd. Nippon Steel Corp. AMAX Inc.	45 5 50	Acquired			1974
Alumax Extrusions, Inc.	Catawaba, NC	Alumax Inc.	100	New	Aluminum extruded shapes	n.a.	1981
Alumax Fabricated Products, Inc.	Tempe, AZ	Alumax Inc.	100	Acquired	Aluminum products for housing aftermarket	n.a.	1981
Alumax Fabricated Products, Inc.	Anaheim, CA	Alumax Inc.	100	Acquired	Aluminum products for housing aftermarket	n.a.	1981
Alumax Fabricated Products, Inc.	Sacramento, CA	Alumax Inc.	100	Acquired	Aluminum products for housing aftermarket	n.a.	1981
eHowmet Aluminum**	Rockwall, TX	Alumax Inc.	100	Acquired	Secondary aluminum slab/billet	n.a.	1983
eHowmet Aluminum**	Philadelphia, PA	Alumax Inc.	100	Acquired	Recycled aluminum scrap	n.a.	1983
eHowmet Aluminum**	Arlington, TX	Alumax Inc.	100	Acquired	Recycled aluminum scrap	n.a.	1983
eHowmet Aluminum**	Houston, TX	Alumax Inc.	100	Acquired	Recycled aluminum scrap	n.a.	1983
eHowmet Aluminum**	Hawesville, KY	Alumax Inc.	100	Acquired	Aluminum sheet/coil	n.a.	1983
eHowmet Aluminum**	Lancaster, PA	Alumax Inc.	100	Acquired	Aluminum sheet/coil	n.a.	1983
eHowmet Aluminum**	Atlanta, GA	Alumax Inc.	100	Acquired	Aluminum/copper/steel processing	n.a.	1983
eHowmet Aluminum**	Fraser, MI	Alumax Inc.	100	Acquired	Aluminum/copper/steel processing	n.a.	1983
eHowmet Aluminum**	Grand Rapids, MI	Alumax Inc.	100	Acquired	Aluminum/copper/steel processing	n.a.	1983
eHowmet Aluminum**	Kansas City, MO	Alumax Inc.	100	Acquired	Aluminum/copper/steel processing	n.a.	1983
eHowmet Aluminum**	Brecksville, OH	Alumax Inc.	100	Acquired	Aluminum/copper/steel processing	n.a.	1983
eHowmet Aluminum**	Mesquite, TX	Alumax Inc.	100	Acquired	Aluminum/copper/steel processing	n.a.	1983
eHowmet Aluminum**	Rockwall, TX	Alumax Inc.	100	Acquired	Aluminum extruded shapes	n.a.	1983
eHowmet Aluminum**	Lakeland, FL	Alumax Inc.	100	Acquired	Aluminum products for mobile homes/ recreational vehicles	n.a.	1983
eHowmet Aluminum**	Tifton, GA	Alumax Inc.	100	Acquired	Aluminum products for mobile homes/ recreational vehicles	n.a.	1983
eHowmet Aluminum**	Elkhart, IN	Alumax Inc.	100	Acquired	Aluminum products for mobile homes/ recreational vehicles	n.a.	1983
eHowmet Aluminum**	Hutchinson, KS	Alumax Inc.	100	Acquired	Aluminum products for mobile homes/ recreational vehicles	n.a.	1983
eHowmet Aluminum**	Sanford, NC	Alumax Inc.	100	Acquired	Aluminum products for mobile homes/ recreational vehicles	n.a.	1983

Company	Plant Location	Parent	Share	New or Acquired	Product Line	Employees	Year Plant Opened or Acquired
eHomet Aluminum**	Leola, PA	Alumax Inc.	100	Acquired	Aluminum products for mobile homes/ recreational vehicles	n.a.	1983
eHomet Aluminum**	Alvarado, TX	Alumax Inc.	100	Acquired	Aluminum products for mobile homes/ recreational vehicles	n.a.	1983
eHomet Aluminum**	Tucker, GA	Alumax Inc.	100	Acquired	Aluminum rain-carrying components/ other building products	n.a.	1983
eHomet Aluminum**	Lancaster, PA	Alumax Inc.	100	Acquired	Aluminum rain-carrying components/ other building products	n.a.	1983
eHomet Aluminum**	Grand Prairie, TX	Alumax Inc.	100	Acquired	Aluminum rain-carrying components/ other building products	n.a.	1983
eHomet Aluminum**	Vancouver, WA	Alumax Inc.	100	Acquired	Aluminum rain-carrying components/ other building products	n.a.	1983
eHomet Aluminum**	Cerritos, CA	Alumax Inc.	100	Acquired	Aluminum products for housing aftermarket	n.a.	1983
eHomet Aluminum**	Fremont, CA	Alumax Inc.	100	Acquired	Aluminum products for housing aftermarket	n.a.	1983
eHomet Aluminum**	Lithonia, GA	Alumax Inc.	100	Acquired	Aluminum products for housing aftermarket	n.a.	1983
eHomet Aluminum**	Bedford Park, IL	Alumax Inc.	100	Acquired	Aluminum products for housing aftermarket, aluminum rain-carrying components/other building products	n.a.	1983
eHomet Aluminum**	Kansas City, MO	Alumax Inc.	100	Acquired	Aluminum products for housing aftermarket	n.a.	1983
eHomet Aluminum**	Harrisburg, PA	Alumax Inc.	100	Acquired	Aluminum products for housing aftermarket	n.a.	1983
eHomet Aluminum**	Mesquite, TX	Alumax Inc.	100	Acquired	Aluminum products for housing aftermarket	n.a.	1983
eHomet Aluminum**	Hayward, CA	Alumax Inc.	100	Acquired	Aluminum bath enclosures	n.a.	1983
eHomet Aluminum**	Tucker, GA	Alumax Inc.	100	Acquired	Aluminum bath enclosures	n.a.	1983
eHomet Aluminum**	Dallas, TX	Alumax Inc.	100	Acquired	Aluminum bath enclosures	n.a.	1983
eHomet Aluminum**	Dallas, TX	Alumax Inc.	100	Acquired	Aluminum products for commercial remodeling	n.a.	1983
eHomet Aluminum**	Leola, PA	Alumax Inc.	100	Acquired	Aluminum garage doors	n.a.	1983
eHomet Aluminum**	Magnolia, AR	Alumax Inc.	100	Acquired	Aluminum spectator seating, scaffolding, ceiling grid systems, custom fabricated work	n.a.	1983
Kawneer Co., Inc.	Springdale, AR	Alumax Inc.	100	New	Architectural aluminum products	n.a.	1981
eKawneer Co., Inc.	Aurora, CO	Alumax Inc.	100	New	Architectural aluminum products	n.a.	1983
Kawneer Co., Inc.	Cleveland, OH	Alumax Inc.	100	Acquired	Architectural aluminum products	n.a.	1974
Kawneer Co., Inc.	Houston, TX	Alumax Inc.	100	New	Architectural aluminum products	n.a.	1982
Amano-International Enzyme Co., Inc.	Troy, VA	Amano Pharmaceutical Co., Ltd. Boehringer International Enzyme Inc.	47.5 47.5	New	Enzymes	7	1981
eAmerican Foods Corp.	Gardena, CA	Nakano Vinegar Co., Ltd.	100	Acquired	Vinegar		1983
American Foods Corp.	Guasti, CA	Nakano Vinegar Co., Ltd.	100	Acquired	Vinegar, cooking wines		1981
American Foods Corp.	San Francisco, CA	Nakano Vinegar Co., Ltd.	100	Acquired	Vinegar, cooking wines, sauces	75	1981
American Foods Corp.	Watsonville, CA	Nakano Vinegar Co., Ltd.	100	Acquired	Vinegar		1981
Ausnack, Inc.	Stockton, CA	Chuoken Senbei Inc.	100	New	Rice crackers	11	1981

Company	Plant Location	Parent	Share	New or Acquired	Product Line	Employees	Year Plant Opened or Acquired
Bellemar Parts Industries Inc.	Marysville, OH	Honda Motor Co., Ltd. Sankei Giken Kogyo Co., Ltd. Tokyo Seat Co., Ltd.	80 10 10	New	Automotive seat assemblies, exhaust silencer systems	200	1982
Bering Sea Fisheries, Inc.	Mouth of Yukon, AK	Marubeni Corp.	25	Acquired	Frozen fish	40	1972
Bio Kyowa Inc.	Cape Girardeau, MO	Kyowa Hakko Kogyo Co., Ltd.	100	New	Lysine (feedstuff amino acid additive)	60*	1984*
Bridgestone Tire Manufacturing (U.S.A.), Inc.	LaVergne, TN	Bridgestone Tire Co., Ltd.	100	Acquired	Radial truck tires	900	1982
Bunmeido of Hawaii Ltd.	Honolulu, HI	Bunmeido Confectionery Co., Ltd.	100	New	Bakery products	8	1965
CTY Corp.	San Marcos, CA	Taiyo Yuden Co., Ltd.	100	New	Axial capacitors	40	1981
eCalsonic Manufacturing Corp.	Shelbyville, TN	Nihon Radiator Co., Ltd.	100	New	Automotive air conditioners	n.a.	1983
Caribe Isoprene Corp.	Penuelas, PR	Nippon Zeon Co., Ltd. Mitsubishi Corp.	50 40	New	Isoprene monomer, dicyclopentadiene, piperylene	50	1975
Caribe Tuna Inc.	Ponce, PR	Mitsubishi Corp.	100	Acquired	Canned fish	500	1981
Cast Forge Co.	Howell, MI	Nippon Light Metal Co., Ltd. Kelsey-Hayes Co.	20 80	Acquired	Aluminum wheels/other die-cast automotive parts	100	1982
Cathra International Corp.	St. Paul, MN	Gunze Sangyo, Inc. Tokyo Lease Co., Ltd.	30	Acquired	Medical diagnostic equipment	22	1981
Chickasha Cotton Oil Co.	Casa Grande, AZ	Toyo Menka Kaisha, Ltd.	100	Acquired	Cottonseed oil	70	1981
Chickasha Cotton Oil Co.	Clinton, OK	Toyo Menka Kaisha, Ltd.	100	Acquired	Cottonseed oil	70	1981
Chickasha Cotton Oil Co.	Harlingen, TX	Toyo Menka Kaisha, Ltd.	100	Acquired	Cottonseed oil	70	1981
Chickasha Cotton Oil Co.	Lamesa, TX	Toyo Menka Kaisha, Ltd.	100	Acquired	Cottonseed oil	70	1981
Coca-Cola Bottling Co.	Salem, NH	Kirin Brewery Co., Ltd.	100	Acquired	Soft drinks	187	1982
Concise Casting Corp.	Hayward, CA	Hitachi Metals, Ltd.	100	Acquired	Aluminum castings	95	1981
eCryodynamics Co.-Ebara Group	Sacramento, CA	Ebara Corp.	70	New	Pumps for low-temperature liquids	30	1984
Daiichiya Love's Bakery Inc.	Honolulu, HI	Daiichiya Baking Co., Ltd.	100	Acquired	Bakery products	240	1981
Daiwa Golf Co.	Gardena, CA	Daiwa Seiko, Inc.	100	New	Golf clubs	20	1981
eData Ray Corp.	Boulder, CO	Nippon Chemi-Con Corp.	75	Acquired	CRT display modules	50	1983
Diamond Plastics Corp.	Grand Island, NE	Mitsubishi Corp.	100	Acquired	Polyvinyl chloride pipes	115	1982
Diamond Plastics Corp.	Lubbock, TX	Mitsubishi Corp.	100	Acquired	Polyvinyl chloride pipes		1982
eDigital Audio Disc Corp.	Terre Haute, IN	Sony Corp. CBS Inc.	50 50	New	Digital audio discs	200*	1984*
Dutch Harbor Seafoods Co., Inc.	Dutch Harbor, AK	Nippon Suisan Kaisha Ltd.	25	New	Frozen fish	100	1976
Economic Salon, Ltd.	New York, NY	Keizai Salon Co., Ltd.	100	New	Periodicals publishing	10	1971
Emmy Inc.	Clackamas, OR	Restaurant Skylark Co., Ltd.	51	New	Frozen potato products	10	1982
eFBC Inc.	Madison Heights, MI	Dai-Ichi Dentsu Co., Ltd.	100	New	Electronic fastening systems	25	1983
First Metals, Inc.	Houston, TX	Toyo Menka Kaisha, Ltd.	100	New	Steel processing	22	1978
Forman Industries Inc.	Hayward, CA	Kawasho Corp.	100	Acquired	Sheet-metal ducts	35	1979
Fotomat Corp.	St. Louis, MO	Konishiroku Photo Industry Co., Ltd.	20	Acquired	Photographic chemicals	30	1982
Fotomat Corp.	Springdale, OH	Konishiroku Photo Industry Co., Ltd.	20	Acquired	Kiosks	10	1982

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Fuji Cone Inc.	Clinton, NC	Fuji Cone Works Ltd. International Jensen Inc.	50 50	New	Paper cones for stereo speakers	85	1981
eFuji Foods Inc.	Browns Summit, NC	Fuji Foods Corp.	100	New	Beef/chicken extracts for soup stocks	16	1983
Fujitec Industries, Inc.	Lebanon, OH	Fujitec Co., Ltd.	100	New	Elevators, escalators	500	1983
eFujitsu America, Inc.	Palm Bay, FL	Fujitsu, Ltd.	100	New	Cable assemblies, power supply units/related components for computers/peripheral equipment	50	1983
eFujitsu America, Inc.	Richardson, TX	Fujitsu, Ltd.	100	New	Fiber-optic communications equipment, multiplexers, microwave radios	35	1984
Halco Fence & Wire Co.	Dallas, TX	C. Itoh & Co., Ltd.	100	Acquired	Chain link	200	1980
Harbor Seafood Co., Inc.	Wrangell, AK	Alaska Pulp Co., Ltd.	100	Acquired	Canned/frozen fish	80	1974
Harnischfeger Corp.	Cedar Rapids, IA	Kobe Steel, Ltd.	10	Acquired	Hydraulic truck/rough-terrain cranes, lattice-boom truck/ crawler cranes		1981
Harnischfeger Corp.	Simpsonville, SC	Kobe Steel, Ltd.	10	Acquired	Monorail systems		1982
Harnischfeger Corp.	Oak Creek, WI	Kobe Steel, Ltd.	10	Acquired	Overhead traveling cranes, hoists, material-handling systems	3,200	1981
Harnischfeger Corp.	W. Milwaukee, WI	Kobe Steel, Ltd.	10	Acquired	Electric mining shovels, hydraulic excavators, draglines, overhead traveling cranes, lattice-boom truck/crawler cranes		1981
High Voltage Breakers, Inc.	Norcross, GA	Hitachi, Ltd. General Electric Co.	67 33	New	Circuit breakers for power plants/ transmission lines	15	1982
Hitachi Consumer Products of America Inc.	Anaheim, CA	Hitachi, Ltd.	100	New	Projection color television sets	100	1982
eHi-Tek Corp.	Garden Grove, CA	Minebea Co., Ltd.	100	Acquired	Computer keyboards	130	1983
eHonda Power Equipment Manufacturing Inc.	Swepsonville, NC	Honda Motor Co., Ltd.	100	New	Lawnmowers	80*	1984*
Honma Golf, Inc.	Honolulu, HI	Honma Corp.	100	New	Golf clubs	36	1978
eHouse Foods and Yamauchi Inc.	Los Angeles, CA	House Food Industrial Co., Ltd.	50	Acquired	Tofu/related soybean products	40	1983
IDEC Systems & Controls Corp.	Santa Clara, CA	Izumi Denki Corp.	100	New	Relays, sockets, switches/other electrical industrial components	70	1975
IKS American Corp.	Gardena, CA	Izumoto Seiko Co., Ltd.	100	New	Ball bearings	18	1974
IMC Magnetics Corp.	Westbury, NY	Minebea Co., Ltd.	100	Acquired	Fans/blowers for communications/ computer equipment	n.a.	1974
International Leadframe Corp.	Sunnyvale, CA	Mitsui Mfg. Co., Ltd.	100	New	Lead frames for integrated circuits	21	1980
International Titanium Inc.	Moses Lake, WA	Ishizuka Research Institute Mitsui & Co., Ltd.	50 30	New	Titanium sponge	120	1982
Kaga USA Inc.	Fountain Valley, CA	Kaga Tsushin Kogyo Co., Ltd.	100	New	Lead frames/other metal parts for integrated circuits	10	1982
eKaneka Texas Corp.	Bayport, TX	Kanegafuchi Chemical Industry Co., Ltd.	100	New	Methyl methacrylate-butadiene-styrene resins	80*	1984*

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eKato Spring Inc.	Huntington Beach, CA	Kato Spring Works Co., Ltd.	100	New	Precision springs	10	1983
Kato Spring of Georgia Inc.	Norcross, GA	Kato Spring Works Co., Ltd.	100	New	Precision springs	8	1982
Kel-Am, Inc.	Eldon, MO	Kel Corp.	100	New	Connectors	30	1978
Key Pharmaceuticals, Inc.	Miami, FL	Mitsubishi Chemical Industries, Ltd.	10	Acquired	Ethical pharmaceuticals	1,150	1979
eKibun Corp. of North Carolina	Raleigh, NC	Kibun Co., Ltd.	100	New	Frozen seafood	16*	1984*
eKibun Corp. of Washington	Redmond, WA	Kibun Co., Ltd.	100	New	Frozen seafood	16	1983
eKikusui International Corp.	Gardena, CA	Kikusui Electronics Corp.	100	New	Oscilloscopes	20	1983
Kodiak King Crab, Inc.	Juneau, AK	Marubeni Corp. Ocean Beauty Seafoods Inc.	n.a. n.a.	New	Frozen fish	300	1973
Kodiak King Crab, Inc.	Kodiak, AK	Marubeni Corp. Ocean Beauty Seafoods Inc.	n.a. n.a.	New	Canned/frozen fish		1973
Lafayette Metal Service Corp.	Long Beach, CA	C. Itoh & Co., Ltd. Nuova Italsider S.p.A.	81 19	Acquired	Steel processing	60	1982
LeBlond Makino Machine Tool Co.	Cincinnati, OH	Makino Milling Machine Co., Ltd. LeBlond Inc.	51 49	Acquired	Numerically controlled lathes, machining centers, numerical controls	950	1981
MCI Inc.	Fort Lauderdale, FL	Sony Corp.	100	Acquired	Recording studio equipment	384	1982
MCI Optinix Inc.	Morristown, NJ	Mitsubishi Chemical Industries, Ltd.	100	Acquired	X-ray intensifying screens for medical use	15	1981
Machine Specialties Co.	Lincoln, RI	Bando Chemical Industries, Ltd.	100	Acquired	Pulleys	30	1979
Master Fence Fittings Inc.	La Habra, CA	C. Itoh & Co., Ltd.	100	Acquired	Fittings for metal fencing	300	1977
eMatheson Gas Products Inc.	Cucamonga, CA	Nippon Sanso K.K. UGI Corp.	50 50	Acquired	Specialty gases, specialty gas handling equipment		1983
eMatheson Gas Products Inc.	Newark, CA	Nippon Sanso K.K. UGI Corp.	50 50	Acquired	Specialty gases, specialty gas handling equipment		1983
eMatheson Gas Products Inc.	Morrow, GA	Nippon Sanso K.K. UGI Corp.	50 50	Acquired	Specialty gases, specialty gas handling equipment		1983
eMatheson Gas Products Inc.	Joliet, IL	Nippon Sanso K.K. UGI Corp.	50 50	Acquired	Specialty gases, specialty gas handling equipment		1983
eMatheson Gas Products Inc.	Gonzales, LA	Nippon Sanso K.K. UGI Corp.	50 50	Acquired	Specialty gases, specialty gas handling equipment	400	1983
eMatheson Gas Products Inc.	Gloucester, MA	Nippon Sanso K.K. UGI Corp.	50 50	Acquired	Specialty gases, specialty gas handling equipment		1983
eMatheson Gas Products Inc.	E. Rutherford, NJ	Nippon Sanso K.K. UGI Corp.	50 50	Acquired	Specialty gases, specialty gas handling equipment		1983
eMatheson Gas Products Inc.	Twinsburg, OH	Nippon Sanso K.K. UGI Corp.	50 50	Acquired	Specialty gases, specialty gas handling equipment		1983
eMatheson Gas Products Inc.	La Porte, TX	Nippon Sanso K.K. UGI Corp.	50 50	Acquired	Specialty gases, specialty gas handling equipment		1983

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Matsushita Electric Components Co.	Palo Alto, CA	Matsushita Electric Industrial Co., Ltd.	100	New	Integrated circuits	35	1983
Matsushita Electric of Puerto Rico, Inc.	Caguas, PR	Matsushita Electric Industrial Co., Ltd.	100	New	Stereo speakers, record changers, speaker boxes, motors for phonographs/audio equipment	720	1965
Megatool Inc.	Buena Park, CA	Union Tool Co., Ltd.	51	New	Carbide drills	17	1982
Memorex DIC Corp.	Santa Clara, CA	Dainippon Ink & Chemicals Inc.	43	Acquired	Toner/developer for copiers, duplicators/printers	35	1981
		Burroughs Corp.	57				
Mitsubishi Consumer Electronics America, Inc.	Santa Ana, CA	Mitsubishi Electric Corp.	100	New	Projection color television sets	80	1982
Mitutoyo Corp.	City of Industry, CA	Mitutoyo Mfg. Co., Ltd.	100	New	Calipers, micrometers	30	1979
Morpac, Inc.	Cordova, AK	Nippon Suisan Kaisha, Ltd.	49	Acquired	Canned fish	100	1973
		Mitsui & Co., Ltd.	49				
Munsingwear, Inc.	Guin, AL	Toyobo Co., Ltd.	10	Acquired	Women's intimate apparel		1981
		Descente Ltd.	10				
		C. Itoh & Co., Ltd.	10				
Munsingwear, Inc.	Hamilton, AL	Toyobo Co., Ltd.	10	Acquired	Synthetic fabrics		1981
		Descente Ltd.	10				
		C. Itoh & Co., Ltd.	10				
Munsingwear, Inc.	New Albany, MS	Toyobo Co., Ltd.	10	Acquired	Women's intimate apparel		1981
		Descente Ltd.	10				
		C. Itoh & Co., Ltd.	10				
Munsingwear, Inc.	Fairmont, NC	Toyobo Co., Ltd.	10	Acquired	Men's/boys' shirts, underwear, nightwear		1981
		Descente Ltd.	10				
		C. Itoh & Co., Ltd.	10				
Munsingwear, Inc.	Red Springs, NC	Toyobo Co., Ltd.	10	Acquired	Cotton fabrics		1981
		Descente Ltd.	10			2,400	
		C. Itoh & Co., Ltd.	10				
Munsingwear, Inc.	Hominy, OK	Toyobo Co., Ltd.	10	Acquired	Men's/boys' shirts, underwear, nightwear		1981
		Descente Ltd.	10				
		C. Itoh & Co., Ltd.	10				
Munsingwear, Inc.	Athens, TX	Toyobo Co., Ltd.	10	Acquired	Women's intimate apparel		1981
		Descente Ltd.	10				
		C. Itoh & Co., Ltd.	10				
Munsingwear, Inc.	Paris, TX	Toyobo Co., Ltd.	10	Acquired	Women's intimate apparel		1981
		Descente Ltd.	10				
		C. Itoh & Co., Ltd.	10				
Munsingwear, Inc.	Ashland, NE	Toyobo Co., Ltd.	10	Acquired	Men's/boys' shirts, underwear, nightwear		1981
		Descente Ltd.	10				
		C. Itoh & Co., Ltd.	10				
NEC Electronics U.S.A. Inc.	Roseville, CA	NEC Corp.	100	New	Integrated circuits	200[a]	1984[a]
NEC Information Systems Inc.	Boxborough, MA	NEC Corp.	100	New	Computers/peripheral equipment	500	1983
NKK Switches of America, Inc.	Scottsdale, AZ	Nihon Kaiheiki Industries Co., Ltd.	Majority share	New	Electric/electronic switches	10	1983
Neptune Packing Corp.	Mayaquez, PR	Mitsui & Co., Ltd.	100	Acquired	Canned fish	500	1973